

# LIFE IN A TIME OF FOOD PRICE VOLATILITY

Bangladesh Country Synthesis Report 2012-2014



*Broken eggs, cheaper than fresh eggs. Dhaka, 2010. Credit: Mamun-ur-Rashid*

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# 1 INTRODUCTION

For the poor living in different parts of the world, food price volatility has been a key concern since 2007 when the global food prices started to increase sharply and substantially. A three-year long longitudinal study (2012-2014), entitled Life in a Time of Food Price Volatility, tracked the impacts of the food price volatility on everyday life of the poor people. In Bangladesh, the project focused on one urban and two rural locations (one a disaster- affected area). Through in-depth qualitative research in these communities, the research sought to understand how price volatility affected well-being trends among poor people, how the poor managed to survive through the difficult times and what types of policy initiatives were undertaken by the government in helping to ease conditions. As the study is a longitudinal one, it provides specific insights in understanding:

- How did food price volatility affect the well-being status of the people over the three year period and what conclusions can we draw from these trends?
- What were the factors that determined well-being and how did they interact? Did this pattern of interaction change over time? Why or why not?
- What coping strategies were adopted by the people over the study period? Did they change over time?
- What was the role or impact of government support systems in affecting the lives of the poor during times of food price volatility?

Through this synthesis report, we attempt to answer these questions and as such, we focus on three specific themes:

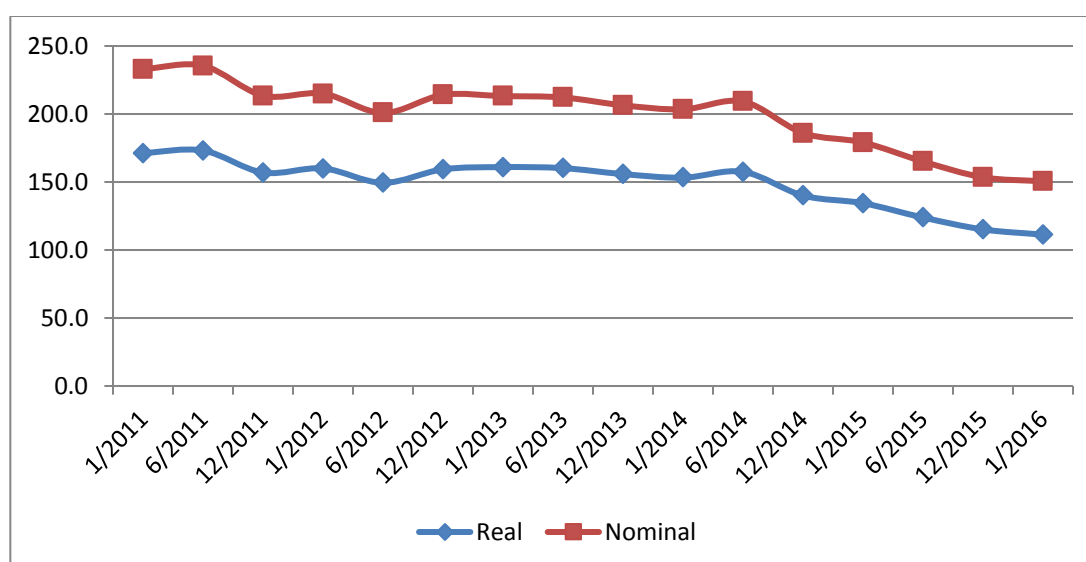
- Well-being trends
- Coping Strategies
- Government support systems and policy development

This report has six sections. After this introductory section, section 2 provides a brief analysis on food price volatility nationally and internationally based on published quantitative data. Section 3 and 4 discuss the well-being trends and coping strategies in poor households at the three sites. Section 5 analyzes government policies and actions. Section six concludes the report.

## 2 NATIONAL AND INTERNATIONAL TRENDS OF FOOD PRICE VOLATILITY

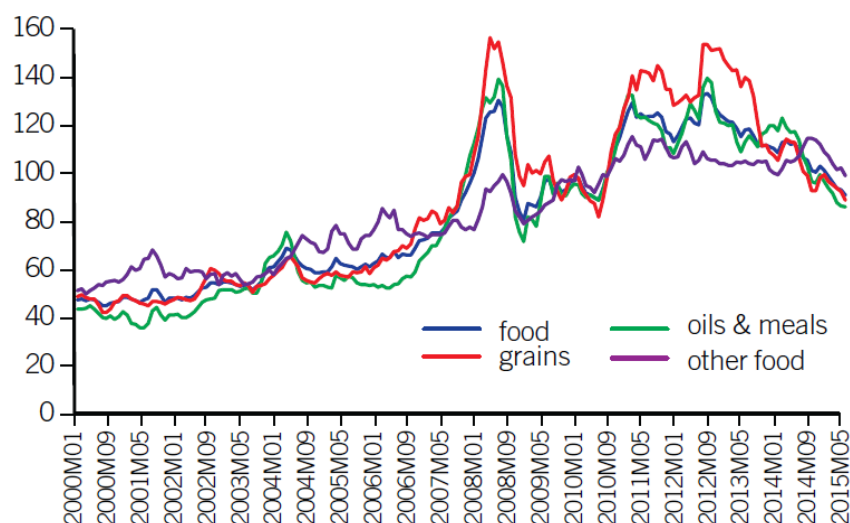
Recent reports on global average food prices as measured by the FAO food price index show a declining trend. This trend signals that the poor can now potentially buy more food for their families because of an increase in real income.

**Figure 1: FAO Global Food Indices**



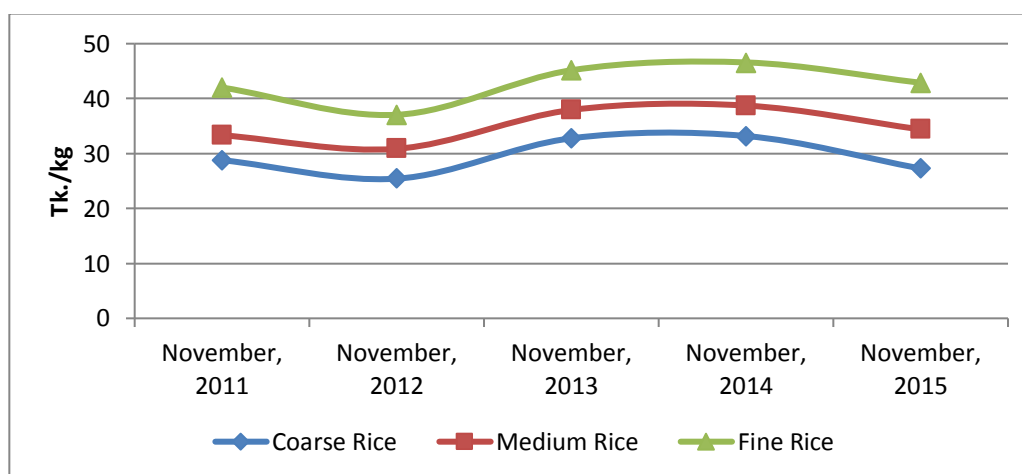
*Note: The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV). 2002 – 2004 = 100.*

The World Bank Global Food Price Index also indicates the similar pattern and according to Food Price Watch, 2015, internal food prices dropped to a five-year low, indicating a decrease of 14 percent between August 2014 and May 2015. During this period, prices of wheat, rice, and maize declined by 18 percent, 14 percent, and 6 percent respectively.

**Figure 2: World Bank Global Food Indices**

Source: The World Bank, Food Price Watch, June 2015

In case of Bangladesh, price of rice has been somewhat volatile in recent years. The national price of coarse, medium and fine rice averaged Tk. 28.8, Tk. 33.37, and Tk. 41.97 per kg respectively in November 2011, whereas the average price plunged by 11.67 per cent, 7.37 per cent, and 11.77 per cent respectively in the corresponding period of 2012. However, since November 2012 rice price assumed an increasing trend until November 2014 and declined significantly in November 2015, although the national average price in November 2015 remained still higher than that in November 2012. As shown in the figure below, rice price rose by an all-time high rate in November 2013 and the price spiral continued until November 2014 as a result of blockade-induced increase in transport costs.

**Figure 3: Average Retail Rice Prices Bangladesh 2011-2015**

Source: Department of Agricultural Marketing (DAM), 2015

While the food price trends based on macro level aggregate data show lower prices suggest increased well-being and better coping of the poor in these years, these are belied by micro level community and household accounts which show that people are not automatically better off. In subsequent sections, we will provide meta-analysis on three main topics of our research based on synthesis of data and key findings from primary qualitative research over three years.

### 3 WELL-BEING TRENDS

Defining well-being has always been a difficult task as people that we studied had different ideas about this concept. Nevertheless, we found that people based their assesment of their own well-being on two issues - their **current need** and their **economic status**. Of these two, economic status was derived from their occupation and social status. As a result, the poor who were struggling hard to survive within a hostile environment concentrated on their materialistic needs and they were most concerned about food availability, jobs or dwelling places. They rarely made efforts to express their aspiration or hope for their future. On the other hand, there are different groups of people who were relatively better off, i.e. not struggling hard for survival and as such, who told us about their hopes and future plans.

Considering these difficulties and variations, in our first year report, we followed the "need-based approach" of human motivations and based on the seminal work of Abraham Maslow (1943). We made an effort to understand where the people living in the areas that we studied stood in the need hierarchy, allowing us to develop a generalized understanding regarding the state of well-being of the people and from this to isolate a pattern over the three year time period.

Our initial findings showed that in the five levels of hierarchy of needs (physiological, safety, love/belonging, esteem and self-actualization), in year 1, people living in the natural disaster affected climate change hotspot in Khulna were at the bottom-most level. As we argued, "even though people living in Khulna are concerned about jobs at the safety level, in effect, jobs are closely linked to obtaining food. From this perspective, people living in Khulna are emphasizing their physiological and safety needs". Meanwhile, the people of Naogaon were also surviving at the bottom-most level. Like Khulna, they were worried about having food in regular intervals and they had difficulties in maintaining a decent living standard. On the other hand, the slum dwellers of the Dhaka, were doing a little better. Their primary concern at the time was for security as they lived under constant threat of eviction; they had started concentrating on fulfilling their love/belonging needs. They started planning for future and were concerned about the well-being of their children.<sup>1</sup> In other words, even though the threat of eviction did not allow them to graduate to the love/belongingness needs, they were at a transitory level. The following table shows the changing trend in well-being in the following two years:

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<sup>1</sup> For details, please see Jahan et.al. (2013), "Bangladesh Food Price Report, 2012"

Table 1: Movements within the Hierarchy of Needs

Year Place	Year 1 (2012)	Year 2 (2013)	Year 3 (2014)
Dhaka	Safety and transitioning towards the next level	Safety needs fulfilled and moving towards love/belonging	Love/belonging
Khulna	Physiological/Safety	Physiological (declining)	Safety
Naogaon	Physiological/Safety	Physiological	Physiological

The table above is interesting for a number of reasons-

**First**, it indicates that the trend in well-being was not stable over the years and there were ups and downs. At the same time, there was no linear trend, i.e. the overall well-being status ebbed and flowed. In a way, it indicated that the global and national trends in the overall economic growth and changes in food prices might affect the shift in well-being status.

**Second**, well-being did not change positively in all cases. In fact, in the second year, well-being declined in Khulna and remained static in Naogaon. At the same time, whereas the people's well-being in Khulna improved significantly in the third year, the same was not observed in Naogaon. Therefore, whereas it is possible that the global and national scenario might have some impact on the overall well-being trend, it is quite clear from the table above that this does not tell the complete story. In fact, if we consider the table above along with the trend shown in global and national prices in section 2, a few puzzles appear. Why was the improving trend of Dhaka not observed in the other two locations? Was it due to the fact that as a capital city, Dhaka was more linked with the global and national economy compared with the other two? If that is the case, then why did we observe an improving trend in Khulna in the third year and why did the situation of Naogaon not develop at all?

**Thirdly**, the puzzles encouraged us to consider the effect of the local context. It is very much possible that the local context, i.e. the vulnerability (or absence thereof) to natural, socio-political and economic shocks played an important role in determining the overall well-being trend. We thus provide a brief analysis of what happened in these three study areas in the three years.



## Khulna

We selected Koyra Upazila of Khulna as an example of disaster-affected area and the goal was to explore how people who had to face and survive a natural disaster dealt with food price volatility. Our study showed that before 2009, agriculture was the main source of income for the people living here. However, things changed drastically in 2009, when the cyclone *Aila* hit the area. Overnight, people's dwelling places were destroyed and their crops were washed away. Salt water flooded the cultivable land, destroying its fertility and people lost employment opportunities. Consequently, most of the people had to rely on the government and non-government assistance to maintain their livelihood. However, this reliance on GO and NGO aid created a bigger challenge for the people of this locality in 2013. We noted in our second year report that as the amount of aid and/or support provided by the government and the NGOs started to decrease, the overall well-being trend also declined. We stated,

"...over the last year, the amount of aid or support from the government and NGOs declined. The research participants explained how over the last few years, they had received aid because of being an Aila-affected area. Aid came not only from the NGOs and the Government but also ' during that time, all rich people provided for relief support. People donated tins, food preserves, utensils, drinking water, money. Since last year, these supports are not coming that much and as a result, people's sufferings increased'. At the same time, the participants pointed out that the government is not implementing employment-generating safety net programs in this area and consequently, their employment opportunities have declined."

We noted that several NGOs were still working in the locality in 2013, but instead of providing relief services, they were trying to engage the poor in different income generating activities. They provided training and capital for income generation. In our 2014 report, we found that due to these development interventions, people were exposed to new skills and technologies which was helping them in diversifying their jobs and earnings- "for example, a wide range of alternative job opportunity projects are being implemented by NGOs with assistance from the European Union that introduced production of vegetable, paddy and fish simultaneously in the same agricultural land". Four years of rains had removed the salinity of the land and, along with the NGO intervention, well-being trend improved in 2014.

## Naogaon

Well-being in Naogaon was largely determined by the performance of agricultural production. In the first year, most of the farmers were concerned about food price and they pointed out that as they were getting less by selling agricultural products in the

market, their livelihoods were threatened constantly. They had to pay more for agricultural inputs, and had troubles with electricity which made irrigation more difficult. They were concerned about food and security above everything else. Their situation declined in the second year. In addition to the problems mentioned above, they also had to deal with adverse weather, which severely hampered crop production. As we observed, "...one FGD participant pointed out, 'I expected to grow 200 kg of paddy on my cultivable land but due to the weather, I ended up producing only 60 kg'. The agricultural day laborers also pointed out that their income did not increase at all and given that the price of food items and other necessities are increasing at an alarming rate, they cannot make ends meet....They have become extremely vulnerable (due to food price volatility). Whereas in the past, events like sudden illness or, natural disaster could trigger a crisis, right now, a visit from relative can cause major economic problems". The situation became worse in the third year.

In 2014, Naogaon suffered a flood that damaged paddies and vegetables and washed away the fishes of the ponds. This often failed to buy food from the market due to high price. The global and national decline in the price of food products did not result in any positive effect for poor people living in Naogaon. Furthermore, in contrast to Khulna, no safety net programs were introduced nor were new NGO interventions started for the people living in Naogaon. The adverse weather, natural disasters, along with the absence of new economic opportunities explained the decline in well-being.

## **Dhaka**

Finally, in the urban setting, we observed a different trend in well-being. As indicated earlier, in the first year, we found that the slum-dwellers identified the threat of eviction as the number one factor that affected their well-being. They had differences of opinion in identifying the second issue of concern, but in none of the cases did they identify food insecurity or unavailability as a key problem. Instead, they were concerned about earning enough money, good health and education. Therefore, conclusion can be drawn that they were not so much concerned about the physiological need, as they had met almost all the basic needs (except for security of property) and were moving towards the next level. In the second year, the urban slum dwellers finally managed to fulfill their safety need. As we noted in our second year report, the urban slum dwellers were no longer living within a fear of eviction, had access to water and hygienic sanitation and their living conditions had improved significantly. Furthermore, our report showed-

"Making a comparison between 2012 and 2013, one FGD participant living in Dhaka stated, 'Last year, we did not have access to pure water and there were no sanitary latrines. As a result, the slum dwellers had to bring water from the nearby markets, colony, mosques etc. Due to the use of polluted water and the bad environment,

many diseases like diarrhea, dysentery, and other water-borne diseases often broke out and we had to spend a major portion of our income on medical treatment. If someone brought a medical team from outside, a huge crowd would gather to take medicine from them. But now DSK [an NGO] has changed the scenario of the slum by providing water and establishing sanitary latrines. Now dysentery or diarrhea don't break out in an epidemic form.' In addition to these changes, the slum dwellers have also experienced increases in their wages and income."

We also found that just like Khulna, in the slum of Dhaka, the NGO interventions were playing a significant role in helping the people in diversifying their income opportunities. In case of this particular study site, the NGO intervention had one additional impact, which is extremely important in understanding the upward trend in the overall well-being status. Due to NGO intervention, the slum dwellers had become more organized and instead of living as individuals, they were forming committees and organizations and starting to live as a community. As we stated in that report,

"...NGO intervention has brought about fundamental change in the attitudes of the people. For instance, one of them said that, 'Poor people like us depend on NGOs mostly. Since they started working here, our lifestyles went through significant changes. In fact, they helped us in developing a collective identity, which was missing before. We used to live as individuals and we even did not help each other. We had no leaders and we thought that if we started to follow one person, he would control everything and we will not gain anything. However, NGOs have changed us and helped us to be united. Due to their assistance, we succeeded in developing organizations like the Slum Rehabilitation and Savings Society. We now look after each other and their efforts are much appreciated in the slum community'".

In other words, this shows the specific movement upwards in the need hierarchy as the slum-dwellers were reaching to the level of love/belongingness from safety level.

## **Analysis**

If we consider the experiences of the three study sites, it is possible to argue that certain factors were at play even though they affected the well-being of the poor in different ways:

- Natural factors such as adverse weather and natural disasters played an important role in determining the livelihood patterns of the people living in Naogaon and Khulna;
- Security factors such as the threat of eviction played a dominant role in the slum of Dhaka. However, it also shaped the livelihood of the people of Khulna in the aftermath of the disaster;

- Job opportunities, the increase of which positively affected the slum dwellers and the poor people of Khulna in the third year (2014). On the other hand, the lack of job opportunities negatively affected the people of Naogaon;
- NGO interventions too had a positive effect on the lives of the slum dwellers and the people living in Koyra Upazila of Khulna. At the same time, the lack of NGO interventions had a negative impact on the lives of the people living in Naogaon.

Our study indicated that the declining food price trends at global and national levels did not have a direct positive impact on the lives of the poor as the declining trend interacted with the factors mentioned above, which were local in nature. The effect of food price decline was mediated through these factors. Furthermore, if we consider the factors mentioned above, it is possible to categorize them in two groups- the **external shocks**, which included natural disasters and threats of eviction and these were the factors over which the poor had very limited control. On the other hand, factors like job opportunities and NGO interventions can be termed as **livelihood factors**, the presence of which presented an opportunity for the poor to move up within the need hierarchy ladder. Two issues should be considered at this stage-

First, these two broad categories of factors do not work independently. Rather they interact with each other and the outcome of this interaction is the eventual state of well-being.

Second, even though these two factors work together to determine the eventual outcome, it does not necessarily mean that they have the same types or nature of impact. For instance, as mentioned above, the presence of the livelihood factors has a direct positive impact on the well-being of the people as these factors directly contribute in fulfilling the needs of the people. On the other hand, the external shocks play a somewhat complicated role, i.e. their absence simply provides a normal environment for the poor to live and thrive and in that sense, they do not have any direct impact. Rather, they determine the broader environmental context within which the poor maintain their livelihood. However, their presence has a significant negative impact on their living standards as the external shocks can simply destroy the livelihood strategies practiced by the poor. From this perspective, the external shocks are more like what Herzberg (1974) explained as "hygiene" factors of human motivation. In his seminal work, Herzberg pointed out that "what makes people satisfied at work are factors that relate to the content of their jobs" and "what makes people unhappy at work is not what they do, but how well (or poorly) they are treated. These treatment factors (dissatisfiers) are related not to the content of work, but to the context of the job". Based on these assumptions, he argued that whereas the presence of treatment factors do not play a visible role in motivating people, their absence ensures dissatisfaction and these

treatment factors are called "...hygiene factors, symbolizing the fact that they represent preventive and environmental conditions of work" (Herzberg, 1974: 18).

Considering these two issues mentioned above, let us now consider the interaction of the factors-

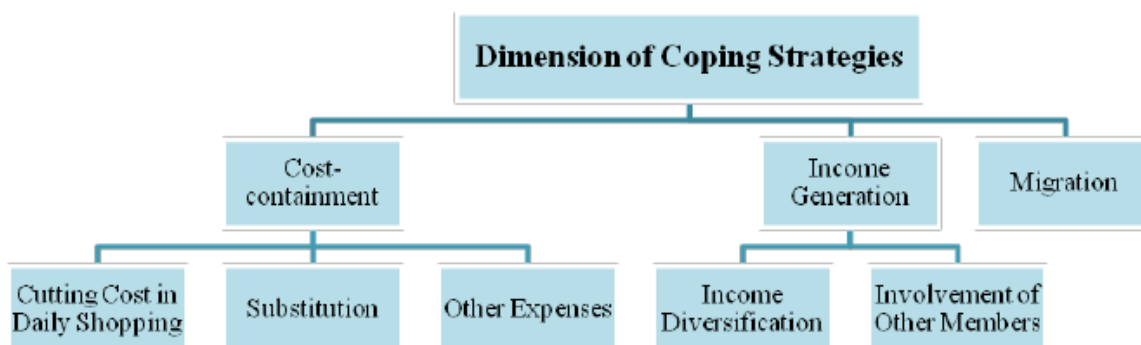
<div>Shocks</div> <div>Livelihood Factors</div>	External	Present	Absent
Present		Progress well-being (eg Dhaka, 2012)	Improved well-being (Dhaka, 2013, 2014; Khulna, 2014)
Absent		Well-being decline (Khulna, 2012, & Naogaon, 2012, 2013, 2014)	No movement in well-being (Khulna, 2013)

## 4 COPING STRATEGIES

We defined the actions taken by the poor to deal with food price volatility as coping strategies and in our report of the first year (2012), divided them into three broad categories, namely **cost-containment, income generation and migration**. Cost-containment referred to “the strategies adopted by people living in poverty that allow them to cut costs in their daily grocery shopping, substituting some items with cheaper ones, cut costs in their children’s education expenses and curtail recreational activities”. These strategies included cutting costs in daily shopping, substituting food items with the cheaper ones and cutting other expenses including education, health or housing expenses.

In case of income generating activities, we identified two important trends - first, in some cases, to deal with price inflation, the household head either changed his/her occupation or decided to engage in more than one income generating activity. Second, in extreme cases, the other members including the children were encouraged to get involved in different income generating activities. However, it should be mentioned here that even though this particular strategy was quite popular, its application largely depended on the presence of livelihood factors, i.e. whether job opportunities existed in the study sites.

Finally, the last strategy was adopted when none of the other strategies worked, “people generally move to other places in search of better working opportunities”. Based on this discussion, we developed the following figure in our first year report-



Before synthesizing the findings regarding coping strategies adopted by the poor people of the three study sites, let us first consider how these strategies evolved in each of these sites. In 2012, we found that even though the income of the households living in

urban slums increased, they were still having a difficult time dealing with food prices. We identified the following reasons behind the difficulties:

- Overall expenditure of the households were increasing especially due to the fact they were concentrating on providing educational facilities for their children and spending money on health care.
- Since incomes had gone up, the household members developed a preference to better quality foods and as one focus group participant noted, the children often refrained from eating if they were served food they did not like. Furthermore, “even though the price of rice has decreased a bit, the prices of all other goods, such as fish, lentils, leafy green vegetables, eggplants, onions and chilies, are escalating, and hence, there is no scope for reducing expenditure”.

In the urban areas, we observed this trend of increased income, decrease in price of food, increase in price of other commodities and the necessity for spending on other items like education in all the three years. However, the coping strategies varied significantly. For instance, in terms of cost-containment strategy, let us consider the following table that shows the shopping cart of one household between 2011 and 2013-

**Table 2: Daily Shopping Cart of a Dhaka Household, 2011-2014**

SL	Product (2011)	Product (2012)	Product (2013)
1.	Rice (2 kg)	Rice (Guti) (2 kg)	Rice (BR-28) (2 kg)
2.	Fish (Iced Mrigel) (500g)	Fish (Iced Piranhas)	Fish (iced Hilsha)
3.	Cooking Oil (Mustard) (125 g)	Cooking Oil (Soybean) (250 g)	Potato (500 g)
4.	Oil (kerosene) (250 g)	Oil (kerosene) (little)	Papaya (1200 g)
5.	Salt (Packet) (500 g)	Salt (1 kg)	Garlic (250 g)
6.	Tomatoes (1 kg)	Eggplant (1 kg)	Ginger (Little)
7.	Chilies (250 g)	Chilies (100 g)	Chili Powder (Little)
8.	Potatoes (1 kg)	Potatoes (1 kg)	
9.	Coriander leaves (little)	Ginger (little)	
10.		Cumin powder (little)	
11.		Bitter gourd (500 g)	
<b>Total Cost</b>	<b>BDT 184.50</b>	<b>BDT 290</b>	<b>BDT 295</b>

The table above may seem deceptive as it shows that the household is spending more in buying food items over the years and it does not show any strategy of containing cost. However, the price of food products were going up and if the household decided to continue the shopping pattern of 2011 in 2012, they had to spend more money- “if they decided to continue the shopping pattern of 2011 and bought the same food items, they had to spend US 4.36 (in 2012), whereas in 2011, they spent just USD 2.34 to buy the same products” (Jahan et al, 2013: 35-37). In other words, inflation actually forced them to spend more, which in turn, encouraged the poor slum dwellers to look for alternative food items in 2012. The choice made by the households also relied on their income sources and in fact, our study showed that in 2012, the household in question had fewer income-generating members, as the husband had recently lost his job. The situation improved in 2013, as the male household member got a new job which allowed the family to buy more quality food items (e.g. change in rice from guti to BR-28 and change in fish from Piranha to Hilsha) and spend more for educational expenses of the children. The situation improved further in 2014 as we noted that people, “...were able to afford three meals per day as well as fish several times per week. People were prioritizing quality of food over price of food” (Jahan & Wahab, 2015: 2). In the time of crisis the slum dwellers adopted a combination of cost-containment and income diversification strategies, and as their income level improved allowing them to spend more, they specifically relied on income diversification as the dominant coping strategy.

On the other hand, in case of Khulna, our study indicated that in the first two years (2012 and 2013), the poor people were having a difficult time as their income level either declined or remained the same, even though the price of daily necessities continued to increase. The following table compares the typical shopping list of a rural household between 2012 and 2013.



**Table 3: Daily Shopping Cart of a Khulna Household 2012-2013**

<b>SL</b>	<b>Food Product (2012)</b>	<b>Food Product (2013)</b>
1	Onion (250 g)	Onion (250 g)
2	Garlic (100 g)	Garlic (100 g)
3	Spices for meat	Spices
4	Soybean Oil (500 g)	Soybean Oil (500 g)
5	Sugar (500 g)	Sugar (500 g)
6	Kawra (1 kg)	Kawra (1 kg)
7	Potato (1 kg)	Potato (1 kg)
8	Rice (2.5 kg)	Rice (2.5 kg)
9	Fish (500 g)	Fish (500 g)
10	Sponge (1 kg)	Sponge (1 kg)
11	Ridge Gourd (1 kg)	Ridge Gourd (1 kg)
12	Okra (1 kg)	Okra (1 kg)
13	Red Chili (250 g)	Red Chili (250 g)
<b>Total Cost</b>	<b>BDT 243</b>	<b>BDT 302</b>

As the table indicates, in 2013 a household living in Khulna had to spend more for buying the same products. For the poor living here with an average monthly income of BDT 5,000, it was extremely difficult. The households responded by cutting costs in two areas. First, as we noted in our 2013 report, “due to high prices, most of the people living in the area could not afford to buy meat, eggs or fish” (Jahan et al, 2014). Second, even though intrusion of salty water due to cyclone *Aila* prevented the poor households from getting involved in agricultural work in 2012, things started to change slightly as the poor started to emphasize on homestead gardening. Consequently, they stopped buying vegetables from market and relied on the vegetables they grew. Nonetheless, a significant number of poor people eventually decided to migrate to the urban centers. Therefore, up to 2013, the dominant strategy for coping in Khulna area was a combination of cost-containment and migration. Things improved significantly in 2014 as “...increased job opportunities in the agricultural sector resulted in two positive changes. First it increased the overall household income and food security and second, poor people who were engaged in precarious jobs switched to less risky agricultural sector” (Jahan & Wahab, 2015). At the same time, the poor also got an opportunity to diversify their income generating activities due to their exposure to new skills and developments; the outcome of NGO intervention. In 2014 the main coping strategy of poor people living in Khulna was diversification of income generating activities.

Finally, in Naogaon, we found that cost containment, though adopted by most of the poor households, was an inadequate means of coping. People cut educational expenses of their children and even stopped sending them to schools. The situation remained the same between 2012 and 2014 and we found that a number of people living in this area migrated to Dhaka.

The discussion on coping strategies adopted by the people living in these three study sites indicates that there is a close relationship between well-being trends and adoption of coping strategies. In other words, the poor people's position on the need hierarchy plays a significant role in determining their coping strategies.

**Table 4: Relationship between Coping and Need**

<b>Study Area</b>	<b>Year</b>	<b>Need Status</b>	<b>Coping Strategy</b>
Dhaka	2012	Safety	Combination of cost-containment and Income diversification
	2013	Transition between safety and love/belonging	Same as above
	2014	Love/belonging	Income diversification
Khulna	2012	Physiological	Cost-containment and migration
	2013	Physiological	Same as above
	2014	Safety	Cost-containment and income diversification
Naogaon	2012	Physiological	Cost-containment and migration
	2013	Physiological	Same as above
	2014	Physiological	Same as above

The table indicates that whereas maintaining the existing level of well-being may require only following a combination of cost-containment and migration, moving upward within the need hierarchy is not possible unless and until an important coping strategy is added to the status-quo, i.e. income diversification. In other words, of all the coping strategies available to the poor, income diversification is possibly the most important one as it can play a significant role in helping the poor to move upward. However, it should be mentioned here that not all income diversification or involvement of household members in the income generating activities add the same value and in fact, as shown in the discussion above, the decision of not sending the children to school

anymore and engaging them in income generating activities has not helped the poor households much.

The table also shows that even though diversification of income generation is significant in changing the well-being trend, embracing or applying this strategy does not always depend on the choice of the poor households. Indeed, as shown in the table above, for the poor people of Naogaon and Khulna (for the first two years), this coping strategy was not available as there were no income generating activities in these two study sites.

## 5 GOVERNMENT SUPPORT SYSTEM AND POLICIES

In our first two years' reports we provided a detailed analysis of the policy framework of Bangladesh. As we pointed out that whereas food price volatility had always remained a key area of concern for the government of Bangladesh, its significance increased during the mid-2000s culminating in the National Food Policy of 2006. This policy identified three key areas related with food security namely, availability, access and utilization. It acknowledged that food security is a multi-dimensional issue, the assurance of which requires involvement of multiple actors. The government emphasized:

- Increasing the purchasing power of the poor to allow them to have access to the food market. In order to do that, in its policy document, the government pledged to strengthen and implement the "...targeted cash and food transfer programs that will provide immediate access to food for the most vulnerable group of people and will allow them to engage in income generating activities that will increase their buying capacity" (Jahan et al, 2013: 18).
- Integrating social safety net programs (SSNPs) with food security. The government argued that for the rural poor "...social protection schemes provide immediate access to food, thus helping to safeguard existing assets and human capital from shocks" (GoB, 2012);
- Addressing the effect of food price decline on the agricultural sector; finding cultivable land in the coastal area; introducing agribusiness management system; dealing with climate change etc.

We concluded our observation about the policy regime of Bangladesh by stating that, "whereas these policy proposals, goals, and guidelines are really important and provide a specific plan for implementation, the real challenges lie in the actual implementation" (Jahan et al, 2013: 19). In fact, our consecutive studies show that implementing the policies as designed had remained a key problem and as such the programs designed to assist the poor in a time of food price volatility was not helping them much. Our major findings are summarized below-

- At the national level, the Government of Bangladesh (GoB) had taken a number of steps to boost the agricultural production including efforts taken to ensure increased and regular supplies of credit, irrigation and fertilizers. Even though these steps had helped in boosting agricultural production at the national level, we also found that, "despite this increase in production, farmers did not receive fair prices for their products. Government policies determining purchasing

processes and prices for paddy and other agricultural products are not always being followed. Crop hoarders still play a dominant role in rural areas” (Jahan et al, 2014). In fact, this situation was more dominant in Naogaon, which affected their lives in a food price volatility significantly;

- The GoB also emphasized maintaining adequate food grain stocks and also signed Government-to-Government (G2G) agreements with different countries to “...increase the security of its imported food supply”.

It is important to note that whereas the government took a number of proactive policies to deal with food price volatility at the national level, its policy responses at the local level were mainly reactive in nature. In fact, the impacts of policy initiatives at the national level were barely felt at the grass roots. As we observed in our 2013 report, “Government mechanisms are not performing in an effective and efficient manner in order to realize the goals stipulated by the National Food Policy in any of the study sites. Our respondents have heard that the government is supposed to play an important role and that there are mechanisms in place to monitor the market price, to control price increases, to ensure the right prices for farmers and to ensure access to food for the citizens. But they have not seen these mechanisms or local government authorities in action and they do not believe that the government is playing any effective role in dealing with the food price volatility”.

Furthermore, in the rural areas and the urban slums, the government support system mainly relied on some specific SSNPs including vulnerable group distribution, 40 days employment generation programs, old age and widow allowance and in most cases, the implementation of the SSNPs suffered from the following problems-

**First**, in most cases, the SSNPs did not protect the poor from adverse shocks or natural disasters and whereas they provided short term solutions, in almost all cases, they failed to help the poor graduate. In other words, these SSNPs helped them to remain in their existing well-being status but rarely helped them to move up;

**Second**, even though the policy initiatives of the government indicate that the SSNPs should be integrated with income generating activities, we did not find evidence of that happening in our study sites.

**Thirdly**, we also identified that there exists significant problem in implementing the SSNPs and especially in Naogaon, the corruption and nepotism practiced by the elected local government officials denied the poor access to the SSNPs. In Khulna, even though complaints about corruption or unfair selection were relatively lower, they still existed and the recipients pointed to us that the amount received from these programs were not sufficient for their survival.

**Fourthly**, we found that no complaint mechanism existed in the rural areas and the SSNP accountability mechanism was non-existent. The poor rarely complained if they were not included within the SSNPs and they decided to live with that.

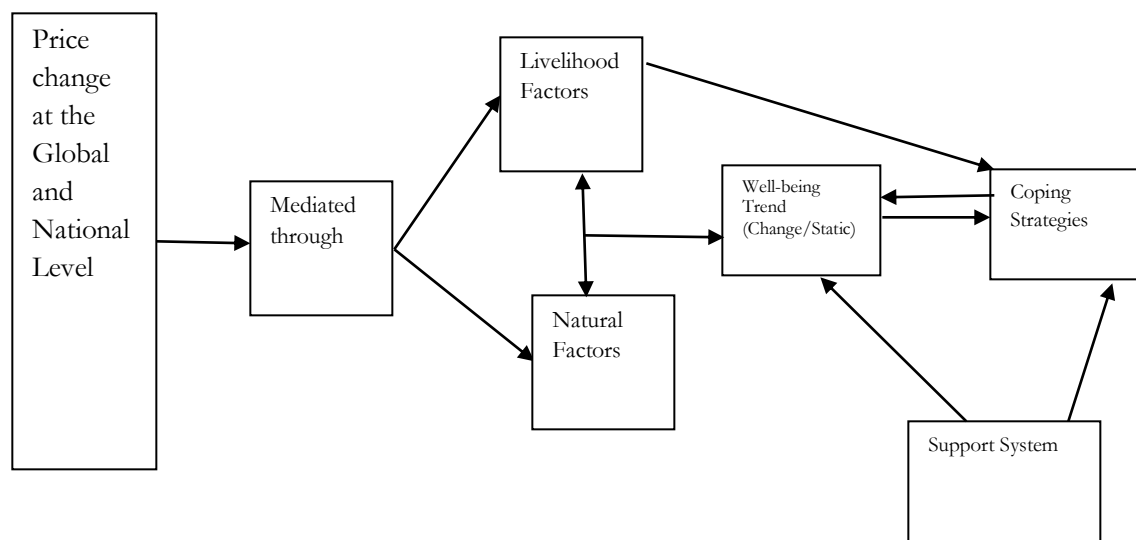
Our overall findings about the government support system indicated that the well-designed and specific policies were not implemented in an effective and efficient way and this implementation failure was playing an important role in keeping the support system inaccessible to the poor. Whereas NGO interventions had sometimes managed to fill in the gaps, especially in the urban slums or in the disaster-affected Khulna, in Naogaon, poor people were struggling within a no-support system.

## 6 CONCLUSION

This report synthesizes the three-year qualitative research findings on food price volatility in Bangladesh. By 2013 and 2014, poor people living in Dhaka had experienced some significant improvements in their day-to-day life. They continued to attain significant improvements in their day-to-day life like nutritious food menu, increased occupational opportunities, increased income, increased involvement of women in the income generating activities etc.

In 2013 we did not find significant improvement in the lives of the people live in Khulna. They had been suffering from the long lasting impacts of Aila. But in 2014, we found some significant positive changes in food security situation, migration situation, occupational involvement and educational participation in Khulna. The long-term impacts of climate change adaptation projects in Khulna and gradual reduction of salinity effect in soil together helped people of Khulna site to improve their overall situation compared to previous years. People were returning to their traditional agriculture related professions and the rate of migration decreased dramatically. Improved food security situation with improved earnings minimized the number of school dropouts.

In Naogaon, a flood in 2014 made the poor people's well-being more fragile than that of the previous year. Low supply of rice and vegetable in market caused rapid price rises. Small farmers were struggling to manage their production cost because of fuel price and labor cost. Migration to other areas in search of livelihood, higher incidents of borrowing and school dropout were noticed in Naogaon. If we compare the situation of Khulna and Naogaon sites, the level of attention from government and development partners in relation to natural disasters can be claimed as an important factor. While cyclone Aila in Khulna and its aftermath received attention from both government and NGOs, the flood in Naogaon did not. The following figure shows the summary of our findings:

**Figure 4: Explaining the Well-Being Trends: Interaction between the factors**

As the figure above indicates, price change of the food and non-food commodities at the global and national level do not directly affect the poor and their impacts are felt once they are mediated through livelihood and natural factors. As explained earlier, of these two, the natural factors when not present do not directly change the well-being status, but their presence may completely disrupt the livelihood strategies of the poor. The interaction between these two factors determines the eventual well-being status of the people going through food price volatility. As shown through this synthesis report, the variation in the pattern of interaction between these two factors has determined the variation in the state of well-being of the poor living in the urban slums, disaster affected areas and rural agricultural area.

At the same time, the well-being status not only determines the people's current status within the need-hierarchy but also indicates their coping strategies. For the poor living in the three study sites, only three coping strategies are available: cost-containment, income diversification and migration. Of these three, cost-containment is the most common one and whereas this is an effective short term strategy, it can rarely bring about positive change in the lives of the poor. On the other hand, the viable option for the poor is to diversify their income generating activities, however, this coping strategy has remained outside the control of the poor and the presence of this is largely determined through the availability of adequate support system and the presence of income generating activities. In fact, that is why, in the urban slums, the presence of support system and income-generating opportunities have helped the poor to move up in the need hierarchy ladder and the absence of these factors forced the poor of



Naogaon to stay where they are. However, these positive changes are subject to sudden exogenous shocks (e.g. changes in job market of the ready-made garmets sector in Dhaka for girls or natural disaster in Naogaon) to make the poor people fall back to poverty.

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The information in this publication is correct at the time of going to press.

Published by the Institute of Development Studies under ISBN 978-1-78118-279-6 in November 2015.

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